

In the Matter Of:

LTL Management LLC Bankruptcy

ADAM LISMAN

May 31, 2023



Page 1	Page 3
<p>1 2 UNITED STATES BANKRUPTCY COURT 3 DISTRICT OF NEW JERSEY 4 -----X 5 In Re: 6 LTL MANAGEMENT, LLC, 7 Debtor. 8 Case No. 21-30589 (MBK) 9 -----X 10 VIDEOTAPED DEPOSITION OF ADAM LISMAN 11 12 13 14 DATE: May 31, 2023 15 TIME: 9:34 a.m. 16 PLACE: ***REMOTE*** 17 BEFORE: Rebecca Schaumloffel, RPR, CCR-NJ 18 JOB NO: 2023-898649 19 20 21 22 23 24 25</p>	<p>1 2 (Appearances:) 3 4 5 GENOVA BURNS, LLC 6 494 Broad Street 7 Newark, New Jersey 07102 8 BY: DANIEL M. STOLZ, ESQ. 9 10 JONES DAY 11 Attorneys for the Debtor 12 250 Vesey Street 13 Suite 31 14 New York, New York 10281 15 BY: GEOFF GOTTBRECHT, ESQ. 16 DAVID S. TORBORG, ESQ. 17 KARST & VON OISTE, LLP 18 23923 GOSLING ROAD SUITE A 19 Spring, Texas 77389 20 BY: DOUGLAS VON OISTE, ESQ. 21 MASSEY & GAIL, LLP 22 2000 Maine Avenue SW 23 Washington, D.C. 20024 24 BY: RACHEL MORSE, ESQ. 25</p>
Page 2	Page 4
<p>1 2 A P P E A R A N C E S: 3 4 5 ASHCRAFT & GEREL, LLP 6 Attorneys for Rebecca Love 7 120 E. Baltimore Street 8 Suite 1802 9 Baltimore, Maryland 21202 10 BY: JAMES F. GREEN, ESQ. 11 MICHELLE PARFITT, ESQ. 12 13 BEASLEY ALLEN LAW FIRM 14 218 COMMERCE STREET 15 Montgomery, Alabama 36104 16 BY: LEIGH O'DELL, ESQ. 17 18 BROWN RUDNICK 19 Attorneys for the Talc claimants 20 7 Times Square 21 New York, New York 10036 22 BY: DAVID WEINSTEIN, ESQ. 23 JEFF JONAS, ESQ. 24 LYDELL BENSON, ESQ. 25 ALEX KASNETZ, ESQ. 26 GERARD CICERO, ESQ. 27 MICHAEL REINING, ESQ. 28 SUNNI BEVILLE, ESQ. 29 SUSAN SIEGER-GRIMM, ESQ. 30</p>	<p>1 2 Appearances (continued:) 3 4 5 MAUNE RAICHLE HARTLEY FRENCH & MUDD, LLC 6 Attorneys for Katherine Tolleson, 7 et al. 8 777 S Harbour Island Blvd. 9 Suite 310 10 Tampa, Florida 33602 11 BY: CLAY THOMPSON, ESQ. 12 MILLER THOMSON LLP 13 10155 102 Street 14 Edmonton, Alberta, Canada 15 T5J 4G8 16 BY: JEFF CARHART, ESQ. 17 OFFICE OF THE UNITED STATES TRUSTEE 18 Attorneys for the United States 19 Department of Justice 20 One Newark Center 21 Suite 2100 22 Newark, New Jersey 07102 23 BY: LAUREN BIELSKIE, ESQ. 24 LINDA RICHENDERFER, ESQ. 25 JEFFREY SPONDER, ESQ.</p>

<p>1 A. LISMAN 2 concerns HoldCo's liquidity and ability to 3 meet its obligations under the 2023 Funding 4 Agreement and the Support Agreement. 5 And that included -- in the second 6 part of that topic was any tax, regulatory, 7 or other impediments or constraints to 8 obtaining funds to meet its obligations under 9 the 2023 Funding Agreement. 10 You are designated on that topic 11 today, are you not, sir? 12 A. Yes. 13 Q. Okay. And in preparing to testify 14 today on the tax and regulatory restraints 15 that are referenced in that topic, did you 16 educate yourself with respect to the 17 \$1.8 billion dividend that we have been 18 talking about? 19 A. I have, based upon the information 20 that I've already said. 21 Q. Okay. And this document wasn't 22 among the information that you reviewed in 23 preparing for that topic; is that right? 24 A. Correct. I have not seen this 25 document until now.</p>	Page 93	Page 95
<p>1 A. LISMAN 2 talk about the dividend, why it wasn't 3 issued. Any questions about 4 historical dividends. He is fully 5 prepared for that. 6 Just the fact that he does not 7 necessarily know the technical aspects 8 of different documents does not 9 necessarily mean he is not prepared to 10 deal with the topic. 11 So I would encourage you to 12 please ask questions about the topic 13 the witness is prepared to answer. 14 MR. MOXLEY: Mr. Starner, I 15 fully intend to continue asking 16 Mr. Lisman questions about the 17 dividend. What I'm flagging for you 18 is that this is a -- this is a bible 19 of documentation with respect to the 20 steps that were taken with respect to 21 the dividend, that the witness is 22 unfamiliar with. 23 We will see how the testimony 24 goes, but it's very meaningful -- it's 25 very meaningful that this witness is</p>	Page 94	Page 96

Page 97	Page 99
<p>1 A. LISMAN 2 would need to understand lots of facts and 3 reasons and amounts around doing that. 4 Q. Does Johnson & Johnson have 5 \$2 billion in cash that it could transfer to 6 Apsis if it chose to? 7 MR. STARNER: Objection. 8 A. Johnson & Johnson has cash. 9 Whether it can be transferred to another 10 entity or not is a different discussion and I 11 would, again, need to understand the facts 12 and reasons behind it and make sure it's a 13 wise financial decision. 14 Q. Where does the div- -- so let me 15 make sure I understand, Mr. Lisman. 16 Where does the dividend currently 17 sit? 18 A. From my understanding, it's 19 sitting with the Apsis company in France. 20 Q. Okay. So it did not go to Johnson 21 & Johnson, the parent company, correct? 22 A. From my understanding, no. It is, 23 quote, unquote, "stuck" with the Apsis 24 entity. 25 Q. And in that status of being stuck</p>	<p>1 A. LISMAN 2 determine what the ultimate cash needs are 3 is, kind of, step one. And then step two is 4 what is the most capital, tax efficient, 5 regulatory, legal, foreign exchange process 6 to make that happen. So we evaluate a 7 multitude of factors on an ongoing basis. 8 Q. Okay. So in making that multitude 9 of factors evaluation in a given scenario, 10 let's say HoldCo had a need to have access to 11 that dividend. 12 Steps could be taken under that 13 process that you have just outlined to -- to 14 capitalize Apsis such that it could -- it 15 could transfer that dividend or make that 16 dividend. 17 Is that fair? 18 MR. STARNER: Objection. Calls 19 for speculation. 20 A. Again, that's a hypothetical. We 21 would need to evaluate what HoldCo's need is. 22 Dividends are approved through the corporate 23 parent. So we would look at how much, why is 24 it needed, how could it be repaid, before 25 doing anything. We --</p>
<p>1 A. LISMAN 2 with the Apsis entity, does HoldCo have 3 access to it? 4 A. As far as a liquid asset, no, 5 because it hasn't made it back from France 6 into HoldCo. 7 Q. Are you able to describe for me 8 the process to determine the size of the 9 dividends that originated with GH Biotech? 10 A. I'm not aware of the detailed 11 process and calculating the exact number of, 12 I think it was 1.8 billion. I'm not aware of 13 the exact process behind that. 14 Q. Okay. Are you aware of how 15 dividend strategy is set for GH Biotech? 16 A. I'm aware of the general dividend 17 strategy for J&J as a whole, which would 18 include all of our entities. 19 Q. What can you tell me about that, 20 sir? 21 A. It is part of our ongoing 22 evaluation for cash needs, both inside the 23 U.S. and outside the U.S., to fund different 24 operations, tax liabilities. 25 There is an ongoing process to</p>	<p>1 A. LISMAN 2 THE COURT REPORTER: I lost the 3 witness. 4 Q. Yeah, you broke up for a second 5 there. 6 Did you say you would have to 7 evaluate all those factors; is that what you 8 said? 9 A. Yeah. Sorry. Yes, we would have 10 to evaluate all of those factors, currency, 11 tax withholdings, how much it was, when could 12 it be repaid, what are the other needs of 13 cash in the business. There is over 500 14 entities at J&J all competing for access. We 15 would need to evaluate all of it. 16 Q. What does Apsis do besides own 17 this 36.1 percent stake in GH Biotech; does 18 it do anything else? 19 A. I don't know. I believe they are 20 a holding company, as I said before. 21 Q. Does Apsis have the ability to 22 lend money to HoldCo? 23 A. I'm not aware of that. 24 Q. Okay. Taking, I think, one of 25 your last answers said that you would take</p>

<p>1 A. LISMAN</p> <p>2 into account what HoldCo's needs were in 3 terms of needing to access the dividend.</p> <p>4 You referenced that, correct?</p> <p>5 A. Yes.</p> <p>6 Q. Okay. If one of its needs was a 7 contractual obligation to make a payment and 8 it needed to access this dividend to do that, 9 a valuation would be undertaken, appropriate 10 approvals could be obtained. But at the end 11 of the day, if the evaluation was that that 12 money should make its way to HoldCo, the 13 money could make its way to HoldCo; is that 14 correct?</p> <p>15 MR. STARNER: Objection.</p> <p>16 A. Again, the dividend is stuck with 17 Apsis and not with HoldCo because there were 18 not adequate reserves in Apsis to pass it 19 back up to HoldCo.</p> <p>20 Whether J&J, as the parent 21 company, evaluated it still wanted to is 22 irrelevant. If there are local regulatory 23 requirements that couldn't be met to pass the 24 dividend on, there is nothing J&J can do 25 about that. Those are facts.</p>	<p>1 A. LISMAN</p> <p>2 question is a little bit different. And I'm 3 not trying to be difficult with you.</p> <p>4 A. Yes.</p> <p>5 Q. I fully appreciate your response 6 there. Let me just ask the next question.</p> <p>7 The next question is, then:</p> <p>8 Assume with me for the purposes of this 9 question that evaluation has taken place and 10 that the parent company has determined that 11 it is -- it is appropriate to capitalize 12 Apsis so that that dividend can be released 13 and HoldCo can have access to that 14 \$1.8 billion. Assume with me that that 15 evaluation has taken place and the decision 16 has been made.</p> <p>17 Is there any, external to J&J, 18 reason why J&J couldn't take whatever 19 internal steps it needed to, to allow for 20 HoldCo to have access to that \$1.8 billion?</p> <p>21 MR. STARNER: Objection. Calls 22 for speculation. Incomplete 23 hypothetical.</p> <p>24 Q. You can answer the question.</p> <p>25 A. If all of those things were done</p>
<p>1 A. LISMAN</p> <p>2 Q. Well, that's my question, I guess, 3 Mr. Lisman, is, when you say, "there is 4 nothing J&J can do about that," is there 5 something that is a governmental or 6 regulatory impediment to J&J capitalizing 7 Apsis if it needed to in order to allow Apsis 8 to have enough on reserve under applicable to 9 law to Apsis such that it could make that 10 dividend?</p> <p>11 MR. STARNER: Objection. To be 12 clear, when you say "J&J," are you 13 talking about J&J the parent?</p> <p>14 MR. MOXLEY: I am.</p> <p>15 MR. STARNER: Okay.</p> <p>16 BY MR. MOXLEY:</p> <p>17 A. Again, J&J and the parent would 18 need to evaluate all of the local 19 requirements and rules. What does it mean to 20 capitalize the entity? Are there abilities 21 to abstract value out of that entity?</p> <p>22 Again, we would need to evaluate a 23 multitude of factors before ever making that 24 decision.</p> <p>25 Q. I understand that, Mr. Lisman. My</p>	<p>1 A. LISMAN</p> <p>2 and J&J evaluated all the things that I 3 mentioned, including external factors, I'm 4 not aware of anything that would prevent 5 that, no, besides what I just said.</p> <p>6 Q. How was the dividend upstreamed to 7 Apsis?</p> <p>8 A. How? How was it upstreamed?</p> <p>9 Q. Yes, sir.</p> <p>10 MR. STARNER: Objection.</p> <p>11 You are talking about --</p> <p>12 objection.</p> <p>13 A little unclear on what you're</p> <p>14 asking about, Mr. Moxley.</p> <p>15 MR. MOXLEY: Yeah, sure. Let me</p> <p>16 clarify.</p> <p>17 BY MR. MOXLEY:</p> <p>18 Q. Mr. Lisman, the GH Biotech made -- 19 let me make sure I have it correct.</p> <p>20 GH Biotech made a \$1.8 billion 21 dividend that is -- to Apsis; is that 22 correct?</p> <p>23 A. From what I understand, yes.</p> <p>24 Q. Okay. How did it do that?</p> <p>25 A. So as a general matter, when</p>

1 A. LISMAN 2 dividends are declared, the paying entity 3 needs to, A, have adequate local reserves to 4 make that happen. They would need to 5 evaluate are there local tax costs of that, 6 and make sure those are accounted for. 7 And then that dividend then would 8 be declared and then paid up the chain to the 9 next entity in the chain. So it would be 10 paid up. 11 Q. Okay. And so then was it 12 upstreamed to Apsis through the Janssen and 13 the Janssen France Treasury Unlimited? 14 A. I don't have the org chart in 15 front of me, but if we had the -- we have an 16 org chart, dividends must pass through each 17 individual entity. So you can't just skip 18 entities in the chain. You need to pass 19 through each ownership's structure. 20 So, off the top of my head, I 21 don't recall if there was an entity or two in 22 the middle, but if there was, the process 23 that I just described would be the same for 24 all of them. 25 MR. STARNER: Would it be	Page 105 Page 107 1 A. LISMAN 2 documents that you reviewed in preparing for 3 today? 4 A. It is, yes. 5 Q. Is it one of the documents that 6 was sent over to us in the collection of 7 materials that you had sent to Mr. Starner? 8 A. It is. I just colored in some of 9 the boxes, but, yes. 10 Q. Okay. Okay. Which boxes did you 11 color in? I don't have -- 12 A. I colored in boxes where there was 13 value over \$100 million in, so I knew where 14 the value was in the org chart. 15 Q. I see. Give me one second. 16 We're going to talk about this 17 exhibit, Mr. Lisman, for a minute. We'll 18 take some steps to bring your document up on 19 the screen so we can -- 20 A. Sure. 21 Q. -- see the color coding you did. 22 MR. MOXLEY: So if we could just 23 zoom in. 24 And, Aydaline, I'll appreciate 25 your help, if you could, with this.
1 A. LISMAN 2 helpful to look at the org chart? 3 MR. MOXLEY: Yeah, I was going 4 to -- I was actually just going to 5 call it up, Mr. Starner. 6 Let's bring up tab 7, if we 7 could, and let's mark that as our next 8 exhibit. 9 (Whereupon, Lisman Exhibit 7, 10 LTLMGMT-00013207 was marked for 11 identification as of this date by the 12 Reporter.) 13 MR. STARNER: Mr. Lisman, if you 14 want to use the org chart you have, 15 feel free to. Mr. Moxley has a copy 16 of that also. 17 THE WITNESS: This should be 18 fine. 19 BY MR. MOXLEY: 20 Q. Okay. Can you see this? And we 21 can zoom in as we need to, Mr. Lisman. 22 But let me ask this question, 23 you've seen this document before, yeah? 24 A. I have, yes. 25 Q. Okay. And is this one of the	Page 106 Page 108 1 A. LISMAN 2 Can we just zoom in on that center 3 column there, the one that's the 4 tallest in the middle of the chart. 5 There we go. That's great. 6 BY MR. MOXLEY: 7 Q. Okay. So just to orient 8 ourselves, then, Mr. Lisman, you see that the 9 very top box there, "Johnson & Johnson (New 10 Jersey)," that's your employer, correct? 11 A. My actual employer, I believe, is 12 Johnson & Johnson Services, Inc., is the name 13 of my actual employer. 14 Q. Oh, okay. Okay, okay. 15 So the Johnson & Johnson at the 16 top of this org chart, that's the ultimate 17 parent company, correct? 18 A. I don't know if that's the 19 ultimate parent or if there is another one 20 above it, if you look at another macro view 21 of the J&J org chart. This is a piece of the 22 pie. 23 Q. Okay. Going down four boxes, you 24 see, "Johnson & Johnson Holdco (NA) Inc." 25 Do you see that?

<p style="text-align: right;">Page 141</p> <p>1 A. LISMAN 2 [REDACTED] 11 Did I read those sentences 12 correctly, Mr. Lisman? 13 A. Yes, you did. 14 Q. Okay. Do you know if Apsis sought 15 those approvals with respect to the 16 \$1.8 billion dividend? 17 A. I do not know if they sought 18 approvals. 19 But, to clarify, this is talking 20 about borrowing limits which is different 21 than dividends. 22 Q. Right. Understood. Let me ask a 23 slightly different question, then. 24 I believe your testimony was that 25 the reason the dividend was "stuck," as you</p>	<p style="text-align: right;">Page 143</p> <p>1 A. LISMAN 2 & Johnson affiliates can borrow money from 3 J&J's in-house bank, correct? 4 A. The J&J in-house bank is one of 5 the vehicles that J&J affiliates can borrow, 6 yes. 7 Q. Okay. HoldCo, as a J&J affiliate, 8 would be able to access the various 9 intercompany funding arrangements within 10 J&J's corporate structure as well, correct? 11 A. HoldCo is part of J&J's structure, 12 so all of the policies, procedures, controls 13 are open to them, yes. 14 Q. Okay. So we talked a little bit 15 before about how there was a time when HoldCo 16 was referred to as new JJCI. 17 Are you familiar with that? 18 A. Yes. 19 Q. Okay. So when new JJCI, at the 20 time that it was called that, or HoldCo, at 21 the time that it's called that, when that 22 entity made payments, where did that cash 23 come from? 24 A. When JJCI made payments, where did 25 the cash come from? Just to make it clear.</p>
<p style="text-align: right;">Page 142</p> <p>1 A. LISMAN 2 put it, at Apsis, was because of Apsis' 3 inadequate reserves under applicable law to 4 it to make the dividend; is that correct? 5 A. Correct. 6 Q. Okay. And so Apsis finds itself 7 in a position where it doesn't have adequate 8 reserves, and it also, I take it, under this 9 policy, can't borrow without seeking proper 10 approvals, correct? 11 A. I don't know if Apsis seeks 12 ability to borrow, but I would say that the 13 concept of not having reserves available 14 would not be impacted on a calculation basis, 15 even if they did go borrow. 16 So it's an important accounting 17 equation under GAAP to understand how these 18 things are actually calculated. One being 19 assets minus liabilities equals equity or 20 reserves. 21 Even if Apsis did go borrow and 22 they took out cash as an asset, that would be 23 a payable or a loan, a liability, the math 24 would be the same. 25 Q. Okay. It's the case that Johnson</p>	<p style="text-align: right;">Page 144</p> <p>1 A. LISMAN 2 Q. That's right, that's the question. 3 A. So previous -- so are we talking 4 about after the bankruptcy filing or before 5 or during? Can we just clarify dates? 6 Q. Sure. There was a period -- let's 7 say in April, right before the first 8 bankruptcy was dismissed, where would the 9 cash come from then? 10 A. So HoldCo, from what I understand, 11 had access to or had a claim to cash with the 12 J&J bank. I think on one of the previous 13 slides we saw HoldCo's listed assets. There 14 was a number there for cash. I think the 15 number was 400, right. That would be 16 HoldCo's claim to cash against the J&J bank 17 at the time. 18 So if HoldCo needed to pay a bill, 19 right, it would draw down or it would use 20 that claim to cash against J&J, the parent, 21 up until the 400,000 on the page. 22 Q. Does that change -- does what you 23 just described there, does that change in 24 terms of the mechanics, after the April 4th 25 dismissal and before the second bankruptcy</p>